

DEPARTMENT OF WATER RESOURCES

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**CALFED Environmental Water Account – Request for Endangered Species Act
Commitments**

The CALFED Record of Decision specifies conditions that provide for increased water supply reliability to water users while assuring the availability of sufficient water to meet fishery protection and restoration/recovery needs. In particular, the Project Agencies (DWR, USBR) are to provide sufficient assets to the Management Agencies (DFG, NMFS, USFWS) by December 31, 2000, including an operable environmental water account. In return, the Management Agencies will provide commitments that water needed for protection of aquatic endangered species will not result in decreased water supply reliability.

The CALFED ROD and Environmental Water Account Operating Principles Agreement specify the quantities, locations and time schedule water is to be acquired for an Environmental Water Account. The purpose of this letter is to update you on the status of the EWA, to inform you that current EWA assets, the Operating Principles Agreement, and key operations protocols that have recently been developed are sufficient to allow for an operable environmental water account, and to request the commencement of ESA commitments starting December 31, 2000 as described in the CALFED ROD.

Attachment 1 (Status of CALFED's EWA Program) provides a narrative description of the status of EWA assets and other considerations necessary for an operable EWA.

Attachment 2 (EWA Asset Acquisition Strategy) provides a tabular summary of EWA fixed assets for Year 2001 operations.

Fixed Assets

The north of Delta, south of Delta, groundwater storage/extraction and source shifting goals for a wet year will all have been met once the contracting process is complete. The groundwater storage goal in a dry period is still about 35,000 acre-feet short of being met; however, the extraction goal of 100,000 acre-feet (a functional equivalent) will have been met. The EWA Project agencies are continuing their efforts to meet the dry period groundwater storage goal. While there are currently 72,000 acre-feet available for EWA uses in San Luis and another 10,000 acre-feet in Oroville Reservoir, the remaining assets are still in the process of being acquired; that is, environmental documentation and contract processing is being completed. We anticipate having all assets available for EWA use by the end of January 2001, and at the latest, by the end of February 2001.

Variable Assets

The variable assets are "in place" and ready for use. In fact, two variable assets, Export/Inflow ratio adjustment and the "State Gain" were used in October and December 2000 and netted the EWA between 4,000 to 10,000 acre-feet of water currently stored at San Luis. A final accounting is being prepared.

Financing

The funding source for acquisition of EWA assets is secure. Provisions have been made to secure funds for those contracts resulting in delivery of Year 2000 water, as well as for water delivered in Year 2001. DWR, CALFED, and Resources Agency management, legal and fiscal staff are coordinated regarding source, quantity and timing of EWA funds. (Federal funds will not be used in this first year of asset acquisitions; only State funding sources.)

Additional Considerations

Though not explicitly required as a commitment in the definition of an operable EWA, but still necessary for an operable EWA, the following have been/are being developed:

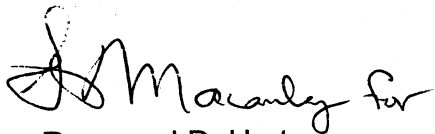
- EWA Finance Plan
- Operations Protocols
- Science Review Panel
- Coordination with CALFED Ops Group, Ecosystem Restoration Program, etc.

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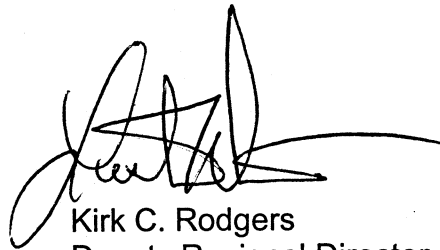
In summary, though not all elements of the EWA will be in place by December 31, 2000, sufficient assets are in place to make the EWA operable. Significant progress continues to be made, and expectations are that all assets will be in place in February 2001. Current EWA assets, the Operating Principles Agreement, and recently developed operational protocols are sufficient to allow normal EWA operations until at least this date. Accordingly, we request your concurrence that the EWA is operable to provide the ESA commitments described in the ROD, effective December 31, 2000.

If you need additional information or would like to discuss this further, please call Deputy Director Raymond D. Hart at (916) 653-4083, Deputy Regional Director Kirk C. Rodgers at (916) 978-5000, or your staff may call Leo Winternitz, Environmental Water Account Coordinator at (916) 653-0758.

Sincerely,



Raymond D. Hart
Deputy Director
Department of Water Resources



Kirk C. Rodgers
Deputy Regional Director
U.S. Bureau of Reclamation

Enclosures

cc: (See attached list.)

ATTACHMENT 1
STATUS OF CALFED'S ENVIRONMENTAL WATER
ACCOUNT PROGRAM
as of December 29, 2000

Initial and Annual Assets

1. Variable Assets

- A. SWP Pumping of (b)(2)/ERP Upstream Releases**
- B. EWA Use of SWP Excess Capacity**
- C. Export/Inflow Ratio Flexibility**
- D. 500 CFS Pumping Increase**

Status: The variable assets are "in place" and ready for use. In fact, the Export/Inflow ratio adjustment and "State Gain" were used in October and December and netted the EWA between 4,000 and 10,000 acre-feet currently stored at San Luis.

2. Fixed Assets

- A. Water Purchases** – 150 TAF south of the Delta and 35 TAF north of the Delta.

Status South of Delta: 72 TAF was acquired in 2000 and is currently at San Luis. Contracts and environmental documentation being prepared for up to an additional 181 TAF (depending on water year type) to meet and/or exceed the 150 TAF goal. Completion of final contracts and environmental documentation expected in February 2001.

Status North of Delta: Contract with Oroville Wyandotte Irrigation District for 10 TAF signed on December 8, 2000. Transfer of water into Lake Oroville has occurred. Contract with Yuba County Water Agency for 50 TAF will be signed prior to February 28, 2001. Water from both contracts will exceed goal of 35 TAF.

- B. Acquisition of Stored Water** – 200 TAF of stored water or its functional equivalent from south of the Delta sources. (The EWA Team imposed a further condition of 50% extraction of stored groundwater to make it useable).

Status of Stored Water Acquisition: Direct acquisition of groundwater and using acquired "surplus" surface water as a functional equivalent enables the goal to be met in a "wet" scenario. Under a dry scenario, the EWA is about 35 TAF short of meeting this goal. However, under both scenarios, an extraction equivalency of 100 TAF is met. Work continues to shore up the deficit in groundwater storage. Full compliance with the

ROD as well as completion of contracts and environmental documentation is expected in February 2001.

- C. Source-Shift Agreement** – Obtain the use of at least 100 TAF in San Luis Reservoir to enable an operational curtailment without causing a “summer low-point” problem.

Status of Source-Shift Agreement – At least 100 TAF in source-shift water has been obtained through an agreement with Metropolitan Water District. A draft contract has been developed and approved by the MWD Board. A final contract will be completed in February 2001.

3. Additional Considerations (not included in definition of an operational EWA as per Operating Principles Agreement, p.3)

A. EWA Finance Plan

Status – A finance plan that addresses costs and budgets for calendar years 2000-2001 acquisitions and for longer-term acquisitions (2002-2004) has been prepared. Financing for 2000-2001 acquisitions is in place using Proposition 204 funds. A budget change proposal covering State acquisition, operating and personnel costs has been developed and forwarded to the State Department of Finance. Approval is expected in July 2001.

B. Operation Protocols

Status – Protocols covering operation of the EWA including storing of assets in Project reservoirs, borrowing, curtailments, release of assets, and other items have been drafted. The EWA Project and Management agencies are operating to the draft protocols while they are being finalized. Development of protocols will continue, as we become more experienced with EWA operations.

C. Science Review Panel

Status – The CALFED Science Program is convening a scientific panel familiar with the EWA and its operations to assess on an ongoing basis the use of EWA assets and benefits of such use.

D. Coordination with CALFED Ops Group, ERP, etc.

Status – The EWA CALFED Coordinator has been regularly updating the CALFED Ops Group, Ecosystem Roundtable, members of the ERP's Environmental Water Program, Governor's Drought Panel and other groups as requested of EWA activities.

Attachment 2

EWA Asset Acquisition Strategy (In Progress)

as of December 29, 2000

Upstream of Delta Goal 35 TAF			Export Area Goal 150 TAF			GW Storage/Extraction Goal 200/100 TAF			Additional Groundwater or Groundwater Equivalent TAF		
	Dry	Wet		Dry	Wet		Dry	Wet		Dry	Wet
Yuba	50	50	Initial EWA Water in SLR	72	72	MWD - ST	32/0	32/0	MWD Source Shift Base	100	100
OWID	10	0	Westside Mutual 2000 purchase	15	15	Santa Clara - ST	30/30	30/0	MWD Source Shift Wet	0	0
			Rosedale Rio Bravo 2000 purchase	19	19	Westside Mutual	50/20	50/0	Deposit to Rosedale GW	0	20
			Arvin Edison 2000 Exchange/Purchase	10	10	Cawelo	10/5	10/0	Deposit to Santa Clara GW	0	10
			Arvin Edison 2001 Exchange/Purchase	10	10	BV/WK/RRB	25/25	0/0	Westside Mutual	0	18
			Westside Mutual 2001 purchase	0	55	Semitropic	20/10	20/0	Cawelo	0	10
			BVWSD/RRBWSD/WKWD 2001 purchase	0	35						
			Nickel/ID4 2001 purchase	10	15						
			ID4 2001 purchase	10	15						
Subtotal	60	50		146	246		167/90	142/0	TOTAL	100	158
Carryover Credit				13	5		9/9	101/101	Total Cost = \$65/65 M Final Groundwater Storage = 77/200		
Carriage Losses	-12	-10									
TOTAL	48	40	TOTAL	159	251	TOTAL	176/99	243/101			
Excess Acquisition	13	5		9	101						

- All values in thousand acre-feet.
- Assumes minimal credit for functional equivalents allowed (the only exception is treating surface purchases as the equivalent of groundwater purchase with pumping)
- Cost estimate includes "Additional Groundwater or Groundwater Equivalent" assets, even though these are not counted toward meeting ROD requirements.
- If "Additional groundwater or groundwater equivalents" may be substituted for "Groundwater Assets", then wet year cost savings are possible.
- Note, however, that water deposited in groundwater may have already been credited toward ROD as a South of Delta Purchase.
- In many cases, EWA uses and costs may be lower. In wet years, the EWA may be able to borrow Project water and repay with low cost JPOD the following winter.
- Assumes repayment of MWD source shift covered with either these assets or through debt to Projects. Could have cost implications for following year.
- Variations in the amount of groundwater acquired result from the use of options. In wet years, not all options are called. Instead, more surface water is purchased.
- Cost estimates do not include power or other Project costs.
- * SNAGMA purchase requires NEPA review.